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HOUSE BILL 899
By Buck

AN ACT to amend Tennessee Code Annotated, Title 29, Chapter 20, relative to the governmental tort liability act.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 29-20-403, is amended by adding the following new subdivision (b)(3):

(3)(A) Minimum limits of not less than one hundred eighty-five thousand dollars (\$185,000) for bodily injury or death of any one (1) person in any one (1) accident, occurrence or act and not less than five hundred thousand dollars (\$500,000) for bodily injury or death of all persons in any one (1) accident, occurrence or act, and in cases arising out of the ownership, maintenance and use of automobiles to a limit of not less than seventy thousand dollars (\$70,000) for injury to or destruction of property of others in any one (1) accident, occurrence or act; and

(B) Minimum limits of not less than seventy thousand dollars (\$70,000), except as provided otherwise in this section, for injury to or destruction of property of others in any one (1) accident.

(C) The provisions of subdivisions (b)(3)(A) and (b)(3)(B) apply only to actions arising on or after July 1, 2002.

SECTION 2. Tennessee Code Annotated, Section 29-20-403, is amended by adding the following new subsection (d):

(d)(1) The Tennessee advisory commission on intergovernmental relations shall study and report on the minimum limits of insurance set forth in this chapter. Such study of minimum limits shall include consideration of changes in the real value of minimum limits due to inflation. Such report shall be made on or about January 31, 2005, and every five (5) years thereafter.

(2) Subdivision (d)(1) shall not apply if there is created a local government catastrophic events fund, whatever such fund is named, to hear claims that exceed the amount for which a local government or its insurer may be responsible under Tennessee Code Annotated, Title 29, Chapter 20.

SECTION 3. Tennessee Code Annotated, Title 29, Chapter 20, is amended by adding the following as a new Part 5:

SECTION _____. (a)(1) There is created a special agency account in the state general fund to be known as the "Local Government Catastrophic Events Fund," hereinafter referred to as the "fund,". The purpose of the fund is to pay claims for catastrophic occurrences which arise under this chapter against governmental entities which are members of the fund or for the purpose of purchasing reinsurance to protect the members of the fund from any and all damages arising out of a catastrophic occurrence which exceed the limits established pursuant to §29-20-403. In administering the fund, the treasurer shall have the power to reinsure, in whole or in part, any of the areas of liability or insurability of governmental entities or governmental employees.

The amount of the fees and charges to initially be assessed against fund participants, as well as all increases or decreases, shall be determined by a study to be conducted by the state treasurer's actuarial consultant.

The treasurer shall specify: the nature and scope of insurance coverage(s) to be provided through the pool; the method(s) by which coverage(s) are to be extended, contributions (which term shall include all premiums or assessments) levied and paid, claims administered and defended against; the procedures by which financial reserves shall be established and maintained; and any other provisions necessary for proper administration of the pooled resources.

In establishing the pool, the treasurer may provide for the pooling of losses and any other expenses so that any or all of the funds contributed by a participating governmental entity may be used to pay claims against or with respect to any of the other participating governmental entities and any costs or expenses, or both, relative to any entity which is a member of such fund. The legislature hereby finds and determines that all contributions of financial and administrative resources made pursuant to this act are made for a public and governmental purpose and that all such contributions benefit the contributing governmental entity.

The pool established pursuant to this section shall not be considered as an "insurance company" nor shall any contribution of financial or administrative resources to such a special fund be considered a "premium" or "gross premium" under title 56 for any purpose, including regulation and taxation.

There shall be maintained in such special fund created pursuant to this section, such an amount of reserve funds as is deemed adequate by the treasurer in accordance with reserve standards applicable to private insurance companies pursuant to title 56.

(b) Any fund balance remaining unexpended at the end of a fiscal year shall not revert to the general fund but shall be carried forward into the subsequent fiscal year.

(c) Interest accruing on investments and deposits in the fund shall be carried forward into the subsequent fiscal year.

(d) Moneys in the fund shall be invested by the state treasurer in accordance with the provisions of § 9-4-602. The fund shall be administered by the state treasurer.

(e) Moneys in the fund shall only be expended in accordance with the provisions of this chapter.

SECTION 4. This act shall take effect July 1, 2001, the public welfare requiring it.